



January 10, 2007

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JOYCE CROTHWAITE
Executive Officer

TO: Local Agency Formation Commission

FROM: Executive Officer
Assistant Executive Officer

SUBJECT: Sphere of Influence Update for the City of Los Alamitos (SOI 05-31)

BACKGROUND

The Los Alamitos/Seal Beach/Rossmoor/Sunset Beach Municipal Service Review (MSR) was received and filed by your Commission on March 9, 2005. Sphere of Influence updates were subsequently completed for all of the agencies considered in the MSR (City of Seal Beach, Rossmoor/Los Alamitos Area Sewer District, Rossmoor Community Services District and the Sunset Beach Sanitary District) with the exception of the City of Los Alamitos.

Los Alamitos SOI Continuances

The City of Los Alamitos sphere of influence (SOI) update was originally scheduled for Commission consideration on September 14, 2005. It was continued for six months to March 8, 2006. At the March 8, 2006 hearing, the Los Alamitos SOI update was continued to July 12, 2006 at the request of the Rossmoor Planning Committee. The item was once again continued at the July 12, 2006 at the request of the Rossmoor Planning Committee. The three continuances were requested to allow the Rossmoor community to explore other governmental structure options.

In June 2006, the Rossmoor Planning Committee (RPC) released a preliminary report on future governance options for Rossmoor. A copy of the report was distributed to the Commission at that time and is included as Attachment 1 to this staff report.

The preliminary report evaluated four governance options: (1) expanded powers for the existing Rossmoor Community Services District; (2) incorporation of Rossmoor as a separate city; (3) annexation to the City of Los Alamitos; and, (4) annexation to the City of Seal Beach. Following release of the preliminary report, a survey of Rossmoor households was conducted by the RPC. Twenty seven percent (27%) of Rossmoor households responded to the survey; sixty three percent (63%) did not respond to the survey. Of those Rossmoor households that did respond, the following table indicates the level of support for each of the four options:

Option	Vote Count	Percentage
Expanded RCSD	462	25.7
Incorporation	494	27.5
Los Alamitos Annexation	341	19.0
Seal Beach Annexation	444	24.7
None of the Above	57	3.2

Source: RPC Governance Study Survey Final Survey Results

ANALYSIS

Attached to this report are copies of the March 8, 2005 and July 12, 2006 staff reports (Attachments 6 and 7) which provide a detailed analysis and history of the Los Alamitos sphere of influence. There are three options available to the Commission regarding the City of Los Alamitos sphere of influence. They include the following:

1. Status Quo - reaffirm the existing City of Los Alamitos sphere of influence, leaving the unincorporated community of Rossmoor outside of any city's sphere of influence;
2. Amend the City of Seal Beach's sphere of influence to include the unincorporated community of Rossmoor; or
3. Amend the City of Los Alamitos sphere of influence to include the unincorporated community of Rossmoor.

Option 1: Status Quo - reaffirm the existing City of Los Alamitos sphere of influence

The current Los Alamitos sphere of influence is coterminous with the existing City boundary. Reaffirming the existing sphere would leave Rossmoor outside any city's sphere of influence. This is not recommended due to the County's desire to transition the responsibility for providing municipal services to cities. The County of Orange, Rossmoor's primary service provider, has elected to focus on regional "core" services – courts, social services, regional parks, health and welfare. In the last three years alone, municipal services in over 33 unincorporated islands have transferred from the County to city responsibility. Rossmoor remains one of the few remaining urbanized, unincorporated islands within Orange County that is not within a city's sphere of influence.

A key service issue identified in the Municipal Service Review for the Rossmoor area indicates that County Sheriff response times to the Rossmoor community are significantly slower than police services provided by surrounding city police departments in Los Alamitos and Seal Beach. This service issue has raised significant concerns within the Rossmoor community. In September 2006, an application was filed with LAFCO by the Rossmoor Community Services District (CSD) to expand the District's "latent" powers to provide police protection services to Rossmoor.

The proposal, in concept, would have permitted the Rossmoor CSD to directly contract with the Orange County Sheriff for an enhanced level of police services to the Rossmoor area. As envisioned by the CSD, the proposal would require an annual transfer of County General Fund money to the CSD to pay for the contracted police service. Difficulties in developing a viable plan to pay for the cost of the enhanced services, and to secure a police services transfer agreement between the County, the Sheriff and the CSD, appear to have made the Rossmoor CSD proposal infeasible.

In summary, reaffirming the existing sphere of influence of Los Alamitos by excluding Rossmoor would:

- Ignore a demonstrated need, recognized by LAFCO, the County and the Rossmoor community, that a change in governance for the Rossmoor area is needed;
- Provide no long-term governance direction or guidance for Rossmoor; and,

- Reject the most viable long-term governance option currently available to the Rossmoor community.

Option 2: Amending the City of Seal Beach sphere of influence to include the unincorporated community of Rossmoor:

The Commission reviewed and reconfirmed the City of Seal Beach's sphere of influence on March 8, 2006. At that time, the Commission did not determine it was appropriate to include Rossmoor within the Seal Beach sphere and approved a sphere conterminous with the existing City of Seal Beach boundaries. This option remains infeasible and is not recommended. The Seal Beach City Council has consistently opposed any attempt to include the Rossmoor community within their City's sphere of influence. On December 11, 2006, the Seal Beach City Council (on a 5-1 vote) voted against studying the possibility of including Rossmoor within the Seal Beach sphere. Annexation to the City of Seal Beach is not a realistic long-term governance option for the Rossmoor community.

Option 3: Amend the City of Los Alamitos sphere of influence to include the unincorporated community of Rossmoor:

There are many reasons to amend the sphere for the City of Los Alamitos to include the community of Rossmoor. The City of Los Alamitos and the community of Rossmoor currently share the same sewer and water providers (Southern California Water and Rossmoor/Los Alamitos Area Sewer District, respectively), and two primary arterials – Katella Avenue and Los Alamitos Boulevard. Los Alamitos borders Rossmoor on the north, east and west. Los Alamitos City Hall is located on Katella Avenue, directly across the street from Rossmoor. The City of Los Alamitos has not taken a position on this issue.

Spheres of influence are planning tools used by the Commission to identify the most logical, long-term service providers for communities in Orange County given what we know today. They are not etched in stone and the Commission has the authority to amend, enlarge or delete spheres of influence at any time. The Commission can re-consider and change the City of Los Alamitos's sphere of influence to exclude Rossmoor should future studies indicate that incorporation is financially feasible and there is community-wide support for a substantial utility tax.

Including Rossmoor within the City of Los Alamitos sphere does not mean that Rossmoor will automatically be annexed into the City of Los Alamitos. Even if

annexation is initiated, Rossmoor residents retain the legal right to terminate annexation through a formal protest procedure. As an example, the unincorporated community was placed in the City of Westminster's sphere 17 years ago; while Midway City remains unincorporated, the community and the agencies serving it have developed closer working relationships with the City, hopefully paving the way for eventual annexation. Placing Rossmoor within the Los Alamitos sphere at this time does, however, identify the most logical service provider for Rossmoor that is currently available and can facilitate a formal dialog between both communities, and other agencies, regarding long-term, regional governance issues.

Given the County's desire to focus on regional services, the City of Seal Beach's consistently strong opposition to the amendment of their sphere and the absence of a comprehensive fiscal analysis (CFA) demonstrating the fiscal viability of Rossmoor incorporating, amending the sphere for the City of Los Alamitos appears to be the most viable option for the Rossmoor community at this time.

CEQA

LAFCO is the lead agency under CEQA (California Environmental Quality Act) for sphere of influence reviews. Staff completed an initial study and determined that adoption of the sphere of influence for the City of Los Alamitos would not have a significant effect on the environment as determined by CEQA.

Accordingly, a Negative Declaration was prepared and noticed in accordance with existing guidelines for implementing CEQA. No comments on the Draft Negative Declaration have been received.

COMMENT LETTERS

Comment letters received on this issue are included in Attachment 5.

STAFF RECOMMENDATIONS

Staff recommends the Commission:

1. Adopt the Negative Declaration prepared for the proposed sphere of influence update.
2. Adopt the Statement of Determinations as required by Government Code Section 56425.
3. Adopt the resolution amending the City of Los Alamitos sphere of influence to include the unincorporated community of Rossmoor as shown on Exhibit B.
4. Direct staff to schedule an immediate review of the City of Los Alamitos sphere of influence for Commission consideration if, in the future, the

Rossmoor community presents an alternative plan for long-term governance that is fiscally viable and supported by the community.

Respectfully submitted,

JOYCE CROSTHWAITE

BOB ALDRICH

Attachments

Exhibit A - Map of Existing Los Alamitos SOI
Exhibit B - Map of Proposed Los Alamitos SOI including Rossmoor

1. *Rossmoor Preliminary Governance Report*
2. *Negative Declaration*
3. *Statement of Determinations*
4. *Adopting Resolution*
5. *Comment Letters*
6. *Staff Report – March 8, 2006*
7. *Staff Report – July 12, 2006*